

YouthStart UPDATE

YouthStart already exceeded targets!

We are highly pleased to announce that YouthStart has already exceeded the targets of the programme set at 200,000 youth having access to financial and non financial services. This means, YouthStart is on track to double its initial targets by December 2014. As of September 2013, almost one year before the end of the programme, YouthStart financial service providers (FSPs) have achieved altogether the following results:

- Granted access to savings for 221,545 youth;
- Granted loans to 34,787 youth. Most FSPs just launched their loan pilot test, which means outreach numbers will grow quicker over 2014;
- Provided financial literacy and reproductive health training to 236,353 youth;
- Percentage of young girls remains a challenge. YouthStart FSPs stand at 43% against a target of 50%. You can be sure we will work harder to get there!

These positive trends were already pointed out by the [YouthStart Mid-term evaluation](#) that ended in October. The Evaluators also highlighted how YouthStart has built a case that "carefully- conceptualized and delivered financial education combined with accessible and appropriate financial products (mostly savings accounts) does improve financial capability and engenders economic and social positive outcome among youth."

YouthStart is also pleased to announce the launch of the publication '[Building the business case for youth services](#)' as a starting point to demonstrate that youth are a viable target segment for FSPs.

The Financial Services Providers (FSPs) that participate in YouthStart:

- Malawi **OBM**
- Ethiopia **PEACE and ACSI**
- Senegal **PAMECAS**
- Rwanda **UCU**
- Burkina Faso **FCPB**
- Uganda **Finance Trust and Finca- Uganda**
- DRC **FINCA-RDC**
- Togo **FUCEC**



YouthStart is made possible through the partnership and cooperation of The **MasterCard Foundation** and the **UN Capital Development Fund (UNCDF)**

YouthStart STAR of the YEAR to UCU/UF

Most of the YouthStart FSPs are doing a fantastic job. However, UCU/UF in Rwanda deserved the star of the year 2013 more than others, because they have already exceeded all possible expectations. We are proud to share that the Rwandan FSP exceeded, one year before the end of the programme, the targets in the Performance Based Agreement signed in 2011 with UNCDF.

UCU began microfinance operations as a cooperative in 2003 and became a network of five cooperatives in 2008. In September 2013, UCU transformed into a public company and changed its name for Umutanguha Finance (UF). This new legal entity will allow UCU/UF expand its geographical coverage and offer new products and services to more vulnerable youth. As of September 2013, UCU/UF had 66,045 active clients, 50% of who are women, and 4,491 borrowers for a loans outstanding portfolio of US\$2 MM. Thanks to the support of UNCDF, 32% of UCU/UF clients are now youth.

Under the YouthStart programme, UCU/UF has reached the following objectives:

- Provided savings to **20,114 new youth**. Youth currently represent almost one third of the whole clientele, which demonstrates youth have a great potential for increasing the client based of any FSP. This impressive growth is in part due to the partnerships signed with different Youth serving organizations as well as a system based on peer to peer promotion and training of new youth clients.
- **51%** of their youth clientele are **young girls**. Together with FUCEC in Togo, they are the only YouthStart grantees overcoming the challenge of meeting the target of young girls.
- Delivered **non-financial services to 19,349 youth**. The hybrid system implemented by UCU/UF where leading youth are trained as trainers to other youth is proving effective and efficient, and contributes to empowering youth.
- **Granted 234 loans to youth**, 50% of which on a leasing contract. The leasing contract represents a clear innovation in the products range offered to youth. It has advantages such as the absence of collateral requirements, a simpler evaluation method of the client, the investment is 100% financed and there is no risk of funds diversion, among others.
- Moreover, UCU/UF has developed a business model that will allow the FSP to reach the break-even point of youth products within the next three years. And that is an amazing example for all of us!



YouthStart wants to congratulate UCU/UF for their amazing work and encourage all the other partners to continue working hard for the remaining duration of the programme. Together we are proving that serving youth is not only possible, but it is also our responsibility.

Learnings from YouthStart Mid-term evaluation

Throughout 2013, UNCDF commissioned an independent [mid-term evaluation of the YouthStart](#) programme and is now very pleased to share the results and learning coming from it. This mid-term evaluation had the primary objective of helping the MasterCard Foundation, future co-financing partners, FSP grantees, and UNCDF to understand the efficiency, effectiveness, relevance, and likely sustainability of results of the YouthStart program. Other objectives included contributing to UNCDF and partners' learning from programme experience and assisting YouthStart to making some mid-course changes to improve the programme.

Some of the insights that the evaluation brought out through desk review, in-depth interviews and focus groups were the following:



- UNCDF-YouthStart is **likely to exceed the initial target of 200,000 young savers**. Indeed, as of September 2013, YouthStart FSPs already exceeded this target. The evaluation also describes there is ample momentum for the YouthStart FSPs to reach up to 400,000 young savers by the end of the programme in 2014.
- FSPs have particularly struggled to bring on **girls under 18**. However, some FSPs have begun to show better understanding of the challenges facing young girls, and have begun to implement new approaches, like the implementation of finely honed segmentation strategies that should allow FSPs to meet or perhaps even exceed its target for the proportion of female youth clients.
- **The model of non-financial service (NFS) delivery** – i.e. linked, parallel, or unified – plays an important role in improving financial capability of youth. So far, a hybrid form of the unified model, using 'ambassadors' and existing clients or community networks to reach out to youth and to facilitate the NFS seems to deliver better results than pure linked or unified models.
- YouthStart has **begun to build a case** that carefully conceptualized, appropriately delivered financial education of adequate substance, combined with accessible and appropriate financial products (mostly savings accounts) does improve financial capability, and engenders economic and even some positive social outcomes among youth. However, to see these kinds of results, the core financial products, the marketing, client mobilization strategies, and the non-financial services, all need to fit together correctly. If any one of these elements in a FSP fails, then they can undermine the effectiveness of the FSP and of the youth services.
- The evaluation acknowledges the preparation and pilot test phases needed to focus on the details of operations mechanics, but recommends YouthStart and YouthStart grantees to strengthen the actions aimed at ensuring **quality and sustainability** of the youth services. YouthStart could not agree more.

YouthStart is deeply satisfied as the mid-term evaluation acknowledges the progress and the success achieved so far and it points out what we need to improve. YouthStart agrees that over the next and last year of the programme, all YouthStart staff, FSPs and supporters need to redouble the efforts to provide the best quality services to youth and the make sure that YouthStart FSPs will be able to continue serving youth in a sustainable manner once the programme is over.

Knowledge sharing

YouthStart trainers' guides

With the objective of supporting other FSPs and organizations that may be willing to target youth but may not know how to do it, YouthStart has developed and shared a series of Trainers' Guides. This compilation of Trainers' Guides is based on the annual trainings YouthStart had delivered to its partner FSPs and is meant to facilitate the replication of these trainings.

So far, the series is comprised of four modules, each of them covering a different stage of the products and services development. In particular, the modules cover the following areas:

- [Youth development programming](#)
- [Pilot testing youth financial services](#)
- [Integration of youth financial and non-financial services](#)
- [Client protection principles for youth](#)

At present, YouthStart has launched these four modules and is currently working on a fifth module on Lot Quality Assurance Sampling, LQAS. LQAS is a quick and affordable sampling method to assess quality indicators that cannot be systematically collected and to take management decisions to improve your programmes.



Publication on Building the business case for youth clients

UNCDF-YouthStart released a publication titled '[Building the business case for youth services](#)'. The objective of the paper is twofold:

- For FSPs: To assess the effort needed to achieve the profitability of youth services and recommend how FSPs can improve the pathway towards profitability of youth services.
- For development partners: To show how the support of development partners impacts the pathway towards profitability of youth services and fosters youth financial inclusion.

Early findings suggest there is a compelling business case. UNCDF-YouthStart believes this paper will represent a step further in demonstrating to other FSPs that serving youth sustainably is not only possible but also a win-win situation!

YouthStart and friends on the road

One of the major objectives of YouthStart is to share our learning and learn from others. To this end, we are proud to have been invited as speakers to the following events:

- 2013 Global Youth Economic Opportunities organised by Making Cents International in Washington DC
- 2013 SEEP annual conference in Washington DC
- European Microfinance Week in Luxembourg
- 2013 AFMIN in Addis Ababa
- UNDP's regional workshop on youth employment in sub-Saharan Africa in Dakar
- UN Expert Group Meeting on Youth, Development and Rights in New York

YouthStart wants to thank our colleagues and friends who helped us disseminate our learnings: Laura Muñoz, Beth Porter, and Erick Sile from UNCDF. Anne Nakawunde from UFT and Jules Théoneste from UCU/UF.

YouthStart is made possible through the partnership and cooperation of:

The MasterCard Foundation is an independent, global organization based in Toronto, Canada, with more than \$9 billion in assets. Through collaboration with partner organizations in 46 countries, it is creating opportunities for all people to learn and prosper. The Foundation's programs promote financial inclusion and advance youth learning, mostly in Africa. Established in 2006 through the generosity of MasterCard Worldwide when it became a public company, the Foundation is a separate and independent entity. The policies, operations, and funding decisions of the Foundation are determined by its own Board of Directors and President and CEO. To learn more about The MasterCard Foundation, please visit www.mastercardfdn.org.

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